

Assigned for all purposes to: Pomona Courthouse South, Judicial Officer: Peter Hernandez

WHGC, P.L.C.

Jeffrey C.P. Wang (SBN 144414)

JeffreyWang@WHGCLaw.com

Michael G. York (SBN 89945)

MichaelYork@WHGCLaw.com

G. Brent Sims (SBN 179397)

BrentSims@WHGCLaw.com

Kathleen E. Alparce (SBN 230935)

KathleenAlparce@WHGCLaw.com

1301 Dove Street, Suite 1050

Newport Beach, CA 92660

Tel. (949) 833-8483; Fax: (866) 881-5007

Attorneys for Plaintiffs

HUBPER GROUP, INC., THOMAS CHEN,

FM XPRESS, LTD., METAX LOGISTICS, INC.,

and NEA DELIVERY, LLC d/b/a FIRST DELIVERY SERVICE

SUPERIOR COURT FOR THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF LOS ANGELES

HUBPER GROUP, INC., a California
Corporation; THOMAS CHEN, an individual;
FM XPRESS, LTD., an Oregon Corporation;
METAX LOGISTICS, INC., a California
Corporation; and NEA DELIVERY, LLC d/b/a
FIRST DELIVERY SERVICE, a California
Corporation,

Plaintiffs

vs.

AMAZON LOGISTICS, INC., a Delaware
Corporation; VADIM KOZIN, an individual,
RYAN HOPKINS, an individual, and DOES 1-
100,

Defendants.

CASE NO. _____

COMPLAINT FOR

- (1) BREACH OF THE COVENANT OF
GOOD FAITH AND FAIR DEALING;**
- (2) ESTOPPEL;**
- (3) FRAUDULENT CONCEALMENT;**
- (4) UNFAIR BUSINESS PRACTICES (CAL.
BUS. & PROF. CODE § 17200, et seq.);**
- (5) INTENTIONAL INTERFERENCE
WITH BUSINESS RELATIONSHIP;
and**
- (6) UNJUST ENRICHMENT**

DEMAND FOR JURY TRIAL

1. Plaintiffs **HUBPER GROUP, INC. (“HGI”), THOMAS CHEN, FM XPRESS, LTD. (“FMX”), METAX LOGISTICS, INC., (“METL”) and NEA DELIVERY, LLC, d/b/a FIRST DELIVERY SERVICE (“FIDS”)** (collectively referred to herein as **“PLAINTIFFS”**) for their Complaint against Defendants **AMAZON LOGISTICS, INC., a Delaware Corporation (“AMAZON”), VADIM KOZIN (“KOZIN”), an individual, RYAN HOPKINS, an individual, and DOES 1-100, (collectively referred to as “or “DEFENDANTS”)**, hereby bring their claims seeking relief, allege on personal knowledge as to all facts known to them, and on information and belief as to all other facts, as follows:

JURISDICTION AND VENUE

2. This Court has jurisdiction over the subject matter of this action in that the Defendants practice business in this state and county and venue is proper pursuant to California Code of Civil Procedure section 395.5 because the contract alleged herein were all made and to be performed in this district, and the obligations and liabilities arose in; and the breaches occurred in; the County of Los Angeles, State of California, and the misrepresentations and fraudulent acts alleged herein arose or occurred in the County of Los Angeles, State of California. The amount in controversy is in excess of the jurisdictional minimum.

PARTIES

3. Plaintiff **HGI** is a Corporation organized under the laws of the State of California with a corporate headquarters in California.

4. Plaintiff Thomas Chen is an individual, who at all times relevant to this complaint resides and/or conducts business in this judicial district.

5. Plaintiff **FMX** is a Corporation organized under the laws of Oregon, with a corporate headquarters in the City of Industry.

6. Plaintiff **METL** is a Corporation organized under the laws of California, with a corporate headquarters in the City of Industry.

7. Plaintiff **FIDS** is a Limited Liability Company, organized under the laws of California, and headquartered in California.

8. Defendant **AMAZON** is a Corporation, organized under the laws of the State of

1 Delaware, with its principal place of business in the State of Washington.

2 9. On information and belief, Defendant **KOZIN**, an individual, is an agent of **AMAZON**,
3 who conducts business throughout the state of California, and resides in the County of Los Angeles.

4 10. On information and belief, Defendant **HOPKINS**, an individual, is an agent of
5 **AMAZON**, who conducts business throughout the state of California, and resides in the County of Los
6 Angeles.

7 11. Plaintiffs are ignorant of the true names and capacities of defendants sued herein as
8 DOES 1 through 100, inclusive, and therefore sue these defendants by such fictitious names. Plaintiffs
9 will amend this complaint to allege their true names and capacities when ascertained.

10 12. Plaintiffs are informed and believe and thereon alleges that at all times herein
11 mentioned, each of the defendants sued herein was the agent and employee of each of the remaining
12 defendants and was at all times acting within the purpose and scope of such agency and employment.

13 **GENERAL ALEGATIONS**

14 13. **DEFENDANT AMAZON** operated, supervised and solicited for participants in its
15 Delivery Service Partner (“DSP”) program. The DSP program allowed entrepreneurs to make a
16 substantial investment in setting up and funding a delivery service utilizing trucks specified by
17 **AMAZON**, along with **AMAZON**’s trademarks, trade dress, rules, requirements, specifications and
18 training. In turn, **AMAZON** would provide the services with logistic support and orders to allow them
19 to operate profitably.

20 14. In providing services, **AMAZON** insisted that each DSP work exclusively for
21 **AMAZON**.

22 15. **AMAZON** required each DPS to use its trucks, uniforms, service manuals, and service
23 standards. **AMAZON** insisted that each hire made by each DSP was approved by **AMAZON**, who
24 charged \$12,000 for the review and approval of the employee, and mandated that such hires be done
25 strictly adhering to its terms and conditions.

26 16. **AMAZON** required pre-approval of all drivers hired by a **DSP**.

27 17. In order to obtain **AMAZON** approval for a driver, a **DSP** was required to pay \$12,000
28 in nonrefundable fees to **AMAZON**. Thereafter, **AMAZON** would determine whether to approve or

1 reject the driver.

2 18. **AMAZON** shared in the profits of each **DSP**, such that the increase in the size of the
3 **DSP** directly benefited **AMAZON**.

4 19. **CHEN** and **HGI** purchased various routes and spent over \$2 million in organizing,
5 promoting and equipping **FMX**. At all times relevant to this complaint, **FMX** operated as an
6 **AMAZON DSP**. It purchased trucks, hired employees, conducted training and oversaw delivery for
7 **AMAZON** within its set service area which was defined and agreed to by **AMAZON**.

8 20. **AMAZON** through **HOPKINS** approached **CHEN**, **HGI** and **FMX** and requested that
9 they expand by investing in an additional **DSP**. **DEFENDANTS** represented that **FIDS** was a **DSP**
10 that was performing poorly and/or not meeting **AMAZON**'s expectations. **AMAZON** and **HOPKINS**
11 requested that **CHEN** and **HGI** purchase **FIDS**. **CHEN**, **HGI** and **FMX** contributed substantial
12 resources and purchased and began the reorganization of **FIDS**.

13 21. At this same time, **PLAINTIFFS** discovered that **FIDS** had unresolved legal issues due
14 and owing to the oversight of **FIDS** by **AMAZON**. **PLAINTIFFS** were required to, and did,
15 undertake the resolution of such issues and invested time, capital and resources in resolving them.

16 22. In or around April 20, 2018, **PLAINTIFFS** invested approximately \$4.5 million in the
17 purchase, of **FIDS**.

18 23. In addition, **PLAINTIFFS** invested substantial sums in the procurement of equipment,
19 hiring personnel and defense, repair and efforts to rehabilitate **FIDS**.

20 24. At all relevant times when requesting **PLAINTIFFS** acquire **FIDS**, **DEFENDANTS**,
21 and each of them, knew that **FIDS** was not in compliance with **AMAZON** specifications and
22 requirements. **DEFENDANTS**, however, failed to alert **PLAINTIFFS** to relevant facts regarding the
23 station, including its failure to adhere to relevant laws, its record of service failures, its payroll issues
24 and other issues caused and/or contributed to by **AMAZON** policies and oversight.

25 25. At all relevant times, **DEFENDANTS** and each of them knew, or should have known
26 of the costs, actions and status of **FIDS** prior to **PLAINTIFFS**' expenditures.

27 26. **AMAZON** and **HOPKINS** also approached **CHEN**, **HGI** and **FMX** and requested that
28 they purchase **METL**.

1 27. **CHEN**, in conjunction with **HGI** and **FMX** purchased **METL**.

2 28. **HGI** placed substantial resources into **METL** in purchasing equipment, training
3 drivers, overhauling the operating systems, settling outstanding issues and otherwise reorganizing and
4 overhauling **METL** to ensure that it operated as efficiently and as beneficially as possible to the
5 **DEFENDANTS**.

6 29. In or around January 31, 2018, **CHEN**, **HGI** and/or **FMX** invested over \$2 million in
7 acquisition costs, payments, training, qualifying drivers, and equipment upgrades.

8 30. In or around April of 2019, less than a year after **PLAINTIFFS** were coaxed into
9 acquiring and renovating **METL** and **FIDS**, **PLAINTIFFS** collectively employed over 600 persons in
10 the delivery of **AMAZON** materials; and operated multiple stations covering over 300 routes.

11 31. At all times relevant to the complaint, **PLAINTIFFS** adhered to **AMAZON** dictated
12 practices, used **AMAZON** trucks, complied with all applicable laws and regulations, and had
13 increased service levels and performance of both **FIDS** and **METL**.

14 32. **PLAINTIFFS** and each of them, invested time, money, and resources in bringing the
15 companies into compliance with **AMAZON**'s specifications.

16 33. From the acquisition of the stations in 2018, continuing through April of 2019,
17 Plaintiffs continued to purchase trucks, upgrade equipment, hire drivers, and alleviate previous issues
18 at the stations. For instance, **PLAINTIFFS** at one station purchased 300 new vans, and at another
19 station purchased a new bobtail truck. This was done on reliance of the representations and actions of
20 **AMAZON**, who assisted in the revitalization of these **DSPs** and knew of **PLAINTIFFS**' efforts and
21 expenditures in working with the **DSPs**.

22 34. From the time of the purchase of **FIDS** and **METL** through April of 2019, the
23 **PLAINTIFFS** and **AMAZON** worked together in reviewing payroll reports, and employment issues
24 and bringing **FIDS** and **METL** into compliance with all applicable statutes, guidelines and
25 requirements.

26 35. During this time, **AMAZON**, through **KOZIN** and without explanation began rejecting
27 drivers submitted by **THE PLAINTIFFS**, while still accepting the \$12,000 per driver fee.

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1 36. Unbeknownst to **PLAINTIFFS**, at the same time, **AMAZON** would approach the
2 potential driver hires from the **PLAINTIFFS** and offer them employment directly.

3 37. On or about April 10, 2019, **AMAZON**, through **KOZIN**, conducted a telephonic
4 conference wherein it informed **CHEN, FMX, METL, FIDS, and HGI** that **AMAZON** would be
5 terminating its relationship with them within 30 days.

6 38. A series of telephonic conferences began between **PLAINTIFFS** and **KOZIN**. During
7 this time, **KOZIN** represented that **PLAINTIFFS'** relationship was being terminated because of
8 failures to adhere to **AMAZON** standards and requirements, however, **DEFENDANTS** were unable to
9 identify any failures attributed to the **PLAINTIFFS**.

10 39. Instead, **DEFENDANTS**, and each of them, operated so as to preclude **PLAINTIFFS**
11 from realizing any profit on their investment; **DEFENDANTS'** actions exposed **PLAINTIFFS** to
12 liability for actions and timelines dictated by the **DEFENDANTS** and was designed to unfairly drive
13 the **PLAINTIFFS** from the business, while allowing **DEFENDANTS** to unjustly profit from their
14 efforts.

15 40. **PLAINTIFFS** were informed that **AMAZON 2.0** was being implemented, and
16 Plaintiffs would no longer receive business from **AMAZON**.

17 41. **DEFENDANTS** and each of them had known that **PLAINTIFFS** would be excluded
18 from **AMAZON 2.0**, but did not reveal this fact to the **PLAINTIFFS** while **PLAINTIFFS** were
19 expending funds that would inure to the benefit of the **PLAINTIFFS**.

20 42. At the same time, with informing the **PLAINTIFFS**, **AMAZON** began contacting
21 drivers, managers, and other personnel employed, trained and hired by the **PLAINTIFFS**, and offering
22 employment as independent contractor drivers utilizing the same routes organized and operated by
23 **PLAINTIFFS**.

24 43. As more fully alleged above, **PLAINTIFFS** and **DEFENDANTS** entered into a series
25 of contracts, both written in the purchase of DSP's and implied in fact wherein **PLAINTIFFS** would
26 purchase equipment, adhere to **AMAZON** terms and conditions, and in turn be able to make a return
27 on their investment, and that their business with **AMAZON** would not be unreasonably interfered
28 with, hampered, curtailed or terminated.

1 **FIRST CAUSE OF ACTION**

2 **(Breach of the Covenant of Good Faith and Fair Dealing)**

3 **All Plaintiffs as to Defendant AMAZON**

4 44. **PLAINTIFFS** re-allege and incorporate herein by reference, all of the previous
5 paragraphs of this Complaint, as though fully set forth herein.

6 45. In every contract or agreement there is an implied promise of good faith and fair
7 dealing. This means that each party will not do anything to unfairly interfere with the right of any other
8 party to receive the benefits of the contract.

9 46. In this case, the contracts alleged were entered into with the understanding, belief and
10 intent that **PLAINTIFFS** would be able to recoup a return on their investment of time, resources and
11 capital.

12 47. **AMAZON** had implicitly covenanted that by requiring and encouraging **PLAINTIFFS**
13 and each of them to invest funds, hire workers, expand productivity, and resolve problems caused and
14 exacerbated by previous owners and operators that it would continue doing business with
15 **PLAINTIFFS** until at least such time as **PLAINTIFFS** would recoup the investment along with a
16 reasonable return.

17 48. In inducing such behavior, **DEFENDANTS**, and each of them, knew that
18 **PLAINTIFFS** would be forced to expend resources, time, and funds in an attempt to meet
19 **AMAZON's** service goals, and in rectifying conditions caused or contributed to by **AMAZON** and the
20 former operators of these stations.

21 49. By the acts herein alleged, **DEFENDANTS** breached this covenant by encouraging
22 **PLAINTIFFS** and each of them to invest in DSP's, incur costs, and hire employees and then by
23 terminating the relationship with each DSP without adequate notice, without sufficient cause, and in
24 such a manner as to cause damage to the **PLAINTIFFS**.

25 50. By doing the actions herein alleged, **PLAINTIFFS** and each of them have been
26 damaged in an amount to be proven at trial.

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1 59. At **DEFENDANTS'** request, **PLAINTIFFS** purchased, refurbished, overhauled, and
2 re-staffed various **DSPs**, and continue to invest funds into these facilities, including the purchase of
3 new trucks, uniforms, and the training of new personnel.

4 60. **AMAZON** oversaw the operational aspects of the **DSPs**, and the **DSPs** and **AMAZON**
5 worked together with the aim of making a profit. **AMAZON** had a duty to provide accurate and timely
6 information to allow the business to carry on as efficiently as possible.

7 61. At all times, **DEFENDANTS** knew that these **DSPs** would be terminated, and that
8 **PLAINTIFFS** would be unable to recoup their investments, and would stand be damaged by their
9 actions, and that such damages would increase the longer that **PLAINTIFFS** continued to invest in
10 their businesses.

11 62. **PLAINTIFFS** and each of them continued to invest funds into each of the **DSPs** up to
12 and including the time when they were informed that they received notice from **AMAZON** through
13 **KOZIN** that the relationship with the **PLAINTIFFS** would be terminated.

14 63. **DEFENDANTS** failed to disclose, and actively concealed and/or suppressed the true
15 facts discussed above, including, but not limited to, the fact that the **DEFENDANTS** would terminate
16 their relationships with the **DSP's** at issue without allowing the **PLAINTIFFS** to break even or realize
17 a return on its investment.

18 64. **PLAINTIFFS** did not know of the concealed facts, and believed that **AMAZON** was
19 working with it to ensure the compliance and success of the new **DSPs**.

20 65. **DEFENDANTS** and each of them intended to deceive **PLAINTIFFS** by concealing
21 these facts.

22 66. Had the omitted information been disclosed, **PLAINTIFFS** would not have, at
23 **DEFENDANTS'** suggestion and/or with **DEFENDANTS'** knowledge, invested the funds into the
24 **DSPs**.

25 67. **DEFENDANTS'** failure to disclose these relevant facts caused the **PLAINTIFFS** to
26 incur damages in an amount to be proven at trial.

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1 **FOURTH CAUSE OF ACTION**

2 **(Unfair Competition, Business & Professions Code Section 17200)**

3 **All Plaintiffs as to Defendants AMAZON, HOPKINS and KOZIN**

4 68. **PLAINTIFFS** re-allege and incorporate herein by reference, all of the previous
5 paragraphs of this Complaint, as though fully set forth herein.

6 69. Business & Professions Code section 17200 prohibits any unfair, unlawful or fraudulent
7 business practice.

8 70. **DEFENDANTS** and each of them breached this statute by engaging in the acts outlined
9 above, namely convincing **PLAINTIFFS** to invest in a business that they knew they would soon
10 render worthless. Such a practice is immoral, unethical, oppressive, unscrupulous and substantially
11 injurious to consumers.

12 71. In addition, the acts of the **DEFENDANTS** were fraudulent, as outlined above.

13 72. Such actions have caused the **PLAINTIFFS** to be damaged, and also to pay substantial
14 sums to the **DEFENDANTS**.

15 73. As such, **PLAINTIFFS** request that **DEFENDANTS** be ordered to return
16 **PLAINTIFFS'** funds invested as a result of the actions described herein.

17 **FIFTH CAUSE OF ACTION**

18 **(Interference With Business Relations)**

19 **All Plaintiffs as to Defendant AMAZON and KOZIN**

20 74. **PLAINTIFFS** re-allege and incorporate herein by reference, all of the previous
21 paragraphs of this Complaint, as though fully set forth herein.

22 75. **PLAINTIFFS** at all time had an economic relationship between themselves and their
23 drivers, managers, and other personnel. These drivers represented a substantial amount of money
24 invested by the **PLAINTIFFS** in training, qualifying, hiring and maintaining relations with each.

25 76. **PLAINTIFFS** future business hinged on these personnel remaining in place and
26 available to allow **PLAINTIFFS** to continue in the delivery and service industries.

27 77. **DEFENDANTS** knew of this relationship.

28 78. **DEFENDANTS** terminated its relationship with **PLAINTIFFS** and thereafter sought

1 to take advantage of the substantial investment made by **PLAINTIFFS** in its workforce by enticing its
2 drivers to leave work, and work directly for **AMAZON**.

3 79. **PLAINTIFFS'** relationship with its drivers, managers and other personnel was
4 disrupted by the actions of the **DEFENDANT**.

5 80. **PLAINTIFFS** were damaged by this disruption and **DEFENDANTS** were a substantial
6 factor in causing **PLAINTIFFS'** harm.

7 **SIXTH CAUSE OF ACTION**

8 **(Unjust Enrichment)**

9 **All Plaintiffs as to Defendants AMAZON, HOPKINS and KOZIN**

10 81. **PLAINTIFFS** re-allege and incorporate herein by reference, all of the previous
11 paragraphs of this Complaint, as though fully set forth herein.

12 82. **PLAINTIFFS** expended considerable resources in developing the **DSPs**, as herein
13 alleged.

14 83. **DEFENDANTS'** actions deprived the **PLAINTIFFS** of the benefits of these actions,
15 and, instead, sought to unfairly and maliciously take advantage of the actions of the **PLAINTIFFS** and
16 thereby receive the fruits of the investment, labor and development, rehabilitation and expenditures
17 made by the **PLAINTIFFS**, all the while taken actions specifically designed to inflict the maximum
18 damage possible on the **PLAINTIFFS** and each of them. **DEFENDANTS** profited by engaging in the
19 wrongful conduct set forth in this Complaint above.

20 84. **DEFENDANTS'** enrichment is directly and causally related to the detriment of
21 **PLAINTIFFS** as investors and operators of the businesses herein alleged.

22 85. These benefits were accepted by **DEFENDANTS** under such circumstances that it
23 would inequitable for them to retained without payment. As alleged above, **DEFENDANTS**
24 concealed facts from the **PLAINTIFFS**, placed them in unfavorable business situations and, then
25 sought to step in and reap the benefit of **PLAINTIFFS** investment and work. **DEFENDANTS** are not
26 justified to retain the benefits conferred upon them, which are estimated to be, at a minimum,
27 \$25,00,000.00, plus interest at the legal rate from the date of the original investment.

28 WHEREFORE, **PLAINTIFFS** pray for relief as set forth below.

1 **PRAYER FOR RELIEF**

2 **WHEREFORE, PLAINTIFFS** pray judgment against **DEFENDANTS**, and each of them as
3 follows:

- 4 1. For compensatory damages, disgorgement, and/or money, estimated to be, at a minimum,
5 \$25,000,000.00;
- 6 2. For prejudgment and post-judgment interest at the rate of interest under the law;
- 7 3. For exemplary and punitive damages;
- 8 4. For attorney's fees, expenses and costs incurred in pursuing the claims asserted herein,
9 against **DEFENDANTS**, jointly and severally, as may be provided by contract and/or law;
- 10 5. For pre-judgment and post-judgment interest at the maximum allowable rate of interest
11 under the law; and
- 12 6. For such other and further relief as the Court may deem just and proper.

13
14 DATED: June 20, 2019

WHGC, P.L.C.

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17 By: _____

Jeffrey C.P. Wang

Michael G. York

G. Brent Sims

Kathleen E. Alparce

Attorneys for Plaintiffs

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DEMAND FOR JURY TRIAL

PLAINTIFFS hereby requests trial by jury.

DATED: June 20, 2019

WHGC, P.L.C.

By: 

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Michael G. York

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Attorneys for Plaintiffs

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